

EXHIBIT 1

INTRODUCTION

Respondent Michael Rue is a member of the California Rice Commission (the “Rice Commission”). He assumed office on October 23, 2000. As a Commissioner, Respondent is a designated employee of the Rice Commission, as defined in Section 82019, subdivision (c) of the Political Reform Act (the “Act”),¹ and in the Rice Commission’s conflict of interest code.

As required by the Rice Commission’s conflict of interest code, each designated employee of the Rice Commission must file an annual statement of economic interests by April 1st of each year that the official remains in office (unless April 1st falls on a Saturday, Sunday, or official holiday, in which case the filing deadline is extended to the next regular business day).² On the statement of economic interests, the designated official must disclose his or her reportable economic interests held during the preceding calendar year.

In this matter, Respondent failed to file a 2001 annual statement of economic interests by the April 2, 2002 due date.

The Enforcement Division handled this case on an expedited basis under the SEI Expedited Procedures adopted by the Fair Political Practices Commission in July of 1999.

For the purposes of this Stipulation, Respondent’s violation is stated as follows:

As a designated employee of the California Rice Commission, Michael Rue failed to file a 2001 annual statement of economic interests by April 2, 2002, in violation of Section 87300 of the Government Code.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (c), is to ensure that the assets and income of public officials, which may be materially affected by their official actions, be disclosed, so that conflicts of interest may be avoided.

In furtherance of this purpose, Section 87300 requires every agency to adopt and promulgate a

¹ The Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

² Regulation 18116.

conflict of interest code. Section 87302, subdivision (a) provides that an agency's conflict of interest code must specifically designate the employees of the agency who are required to file statements of economic interests disclosing their reportable investments, business positions, interests in real property, and sources of income. Under Section 82019, subdivision (c), and Section 87302, subdivision (a), the individuals who are to be designated in an agency's conflict of interest code are the officers, employees, members, and consultants of the agency, whose position with the agency entails making, or participating in making, governmental decisions that may have a reasonably foreseeable material effect on one or more of the individual's economic interests.

Section 87302, subdivision (b) provides that an agency's conflict of interest code must require every designated employee to file an annual statement of economic interests, for each year that the employee remains in office, disclosing his or her reportable economic interests held during the preceding calendar year. Regulation 18730, subdivision (b)(5)(C) provides that all employees designated under an agency's conflict of interests code shall file an annual statement of economic interests with the agency by April 1st of each year. However, under Regulation 18116, if April 1st falls on a Saturday, Sunday, or official holiday, the filing deadline is extended to the next regular business day.

Under the provisions of the Rice Commission's conflict of interest code, each designated employee must file his or her statements of economic interests with the Rice Commission, which shall retain a copy of the statement, and forward the original to the Fair Political Practices Commission (the "FPPC"), which has been designated in the Rice Commission's conflict of interest code, as the filing officer for the Rice Commission.

Under Section 87300, the requirements of an agency's conflict of interest code have the force of law, and any violation of those requirements is deemed a violation of the Act.

SUMMARY OF THE FACTS

Respondent is a member of the Rice Commission. He assumed office on October 23, 2000. As a Commissioner, Respondent is a designated employee of the Rice Commission, and therefore was required to file an annual statement of economic interests for the 2001 calendar year by April 2, 2002.

On January 21, 2002, Tim Johnson, President-CEO of the Rice Commission, sent a letter to Respondent, advising him that his 2001 annual statement of economic interests was due by April 2, 2002. In spite of this reminder, Respondent failed to file a 2001 annual statement of economic interests by the April 2, 2001 due date, in violation of Section 87300.

On April 8, 2002, Mr. Johnson sent a second letter to Respondent, reminding him that his 2001 annual statement of economic interests, that was due by April 2, 2002, had not been received, and asking him to file the statement. Respondent did respond to Mr. Johnson's letters.

On May 9, 2002, Emily Bowden of the SEI Unit of the FPPC, which is the filing officer for the Rice Commission, sent a letter to Respondent, asking that he file the delinquent 2001 annual statement of

economic interests within 30 days. On July 1, 2002, Ms. Bowden sent another letter to Respondent, advising him that his non-filing would be referred to the Enforcement Division of the FPPC, if the delinquent statement was not received within ten days. In spite of these notices, Respondent still failed to file his 2001 annual statement of economic interests. When Respondent did not respond to Ms. Bowden's letters, the matter of Respondent's failure to file a 2001 annual statement of economic interests was then referred to the Enforcement Division of the FPPC.

On August 9, 2002, SEI Coordinator Mary Ann Kvasager of the Enforcement Division, contacted Respondent by telephone, reminding him that his 2001 annual statement of economic interests was past due, and instructing him to file the statement immediately.

Respondent filed a 2001 annual statement of economic interests on August 13, 2002.

CONCLUSION

This matter consists of one count of violating Section 87300, which carries a maximum administrative penalty of Five Thousand Dollars (\$5,000). However, under the SEI Expedited Procedures adopted by the Fair Political Practices Commission in July 1999, the approved administrative penalty for an individual who files a delinquent statement of economic interests within four days of being contacted by the Enforcement Division SEI Coordinator, is between Two Hundred and Three Hundred Dollars (\$200-\$300).

While Respondent filed his 2001 annual statement of economic interests within four days of being contacted by the Enforcement Division, the fact that he filed his statement more than four months after the due date, justifies imposition of the agreed upon penalty of Three Hundred Dollars (\$300).